



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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5 AUGUST 1966

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DEMOCRATIC REPUBLIC OF THE CONGO



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1. South Vietnam

The economic situation is encouraging. The steady price rise kicked off by the devaluation in June was broken after about a month. The latest retail price index for Saigon--for the week ending 1 August--shows prices generally steady or slightly lower than the previous week.

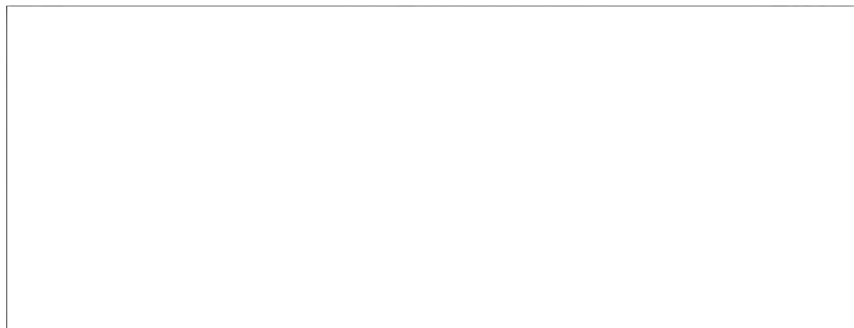
Labor is still a problem, however. Pressure for substantial wage increases is building up.

2. North Vietnam



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3. Communist China



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4. Congo

Public order continues to disintegrate in the northeast.

European missionaries are fleeing before roistering Katangese soldiers. There apparently is no immediate danger to the very few Americans in the vicinity.

An indication of the government's quandry was provided by the foreign minister yesterday when he asked Ambassador Godley "what should we do now?" For one thing, the Congolese are being told they had better not bank on our picking up the chips if they force the Belgians out.

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5. Ghana

The military government that kicked out Nkrumah in February inherited a virtually empty treasury, crushing foreign debts, and a political vacuum. The new regime's austerity program may help some but there is little prospect for major improvement through the months ahead. Some comfort may be taken, however, in the fact there is almost no chance for Nkrumah to get back in the saddle.

6. Kuwait

A serious threat to the British pound may be shaping up. Kuwaiti banks, which hold over \$420 million in sterling, are considering shifting to another Western hard currency over the next six months. The Kuwaitis are concerned with the possibility that the pound will be devalued. If the Kuwaitis do start unloading pounds, it could well start a run on sterling by other holders.

7. West Germany

"No progress" was the report from Wednesday's French-German talks on keeping French troops in Germany. The German foreign ministry shows no sense of urgency despite Erhard's rather grandiose we-want-the-French-to-stay pronouncements during De Gaulle's visit last month. Foreign Minister Shroeder's objective is to keep his negotiations with the French from moving faster than the talks between the rest of NATO and France on the future mission of French forces in Germany.

8. Soviet Union

Soviet spacemen appear to be cranking up for another moon shot. We do not know just what they plan, but having been upstaged by Surveyor, they may try for a space spectacular--perhaps an orbit around the moon and back to earth. If the launch comes off, it probably will be between 24 and 25 August.

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